

Date Mailed
June 26, 2003

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application of Wisconsin Public Service Corporation for
Declaratory Ruling Regarding Planning and Development of
Weston 4 Base Load Coal Electric Generating Facility

6690-DR-107

NOTICE OF PROCEEDING

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| Parties' Comments Due: Monday, July 14, 2003 – Noon | Address Comments To: Lynda L. Dorr, Secretary to the Commission Public Service Commission P.O. Box 7854 Madison, WI 53707-7854 FAX (608) 266-3957 |
| FAX Due: Friday, July 11, 1998 – Noon | |
| Applicant Reply Comments Due: Monday, July 21, 2003 | |
| FAX Due: Friday, July 18, 2003 | |

THIS IS A PROCEEDING to consider the petition of Wisconsin Public Service Corporation ("WPSC"), filed on May 1, 2003, for a declaratory ruling, pursuant to Wis. Stat. § 227.41 and Wis. Admin. Code § PSC 2.07. In the petition, WPSC seeks the Commission's declaration that it is prudent for the company to proceed with the development of the Weston 4 coal plant alternative through certification, and to incur up to \$71 million in pre-certification expenses and pre-construction costs during the pre-certification period, in order to ensure an adequate, reliable, and low cost supply of energy for its customers towards the end of this decade. WPSC further requests authorization to include a current return on the pre-construction cost balance associated with Weston 4 beginning in 2004 at WPSC's overall cost of capital. At its June 4, 2003, open meeting, the Commission decided to open a docket and issue a notice regarding WPSC's declaratory ruling request.

The Commission requests comments on the above issues. Any party who desires to file comments should submit an original and 20 copies as indicated in the box on page 1. Members of the public need only file an original. These comments must be received by noon on Monday, July 14, 2003. The applicant may file a reply to any such comments by noon on Monday, July 21, 2003. Comments by fax are due one day earlier. Fax filing cover sheets must state "Official Filing" and include the docket number and the number of pages (limit of 20 pages). File by one mode only. Any person who wishes to participate in this proceeding as a party shall

file a request for intervention pursuant to Wis. Admin. Code § PSC 2.21 at such time as comments are due in this proceeding. Persons who believe that a contested case hearing is required in this proceeding shall include in their comments a request for a contested case, addressing the criteria contained in Wis. Stat. § 227.42 (1).

In its petition, WPSC stated that it proposes to commit over \$1 billion toward the acquisition of new electric generation resources in order to maintain an adequate, reliable, and low cost supply of power to its retail and wholesale electric customers in central and northeastern Wisconsin. Included in its plan, is a proposed “Weston 4” utility rate based unit, a 500 MW “supercritical” coal fired base load facility scheduled to go into commercial operation at WPSC’s existing Weston generating site in 2008. WPSC indicated that it plans to file applications for a Certificate of Public Convenience and Necessity (“CPCN”) and other governmental approvals for Weston 4 later this year.

In this petition, WPSC seeks the following rulings:

1. It is prudent for WPSC to proceed with the planning and development of Weston 4 in order to ensure an in-service date by the 2008 summer peak demand season.
2. It is prudent for WPSC, in the planning and development of Weston 4, to incur up to \$7.5 million (year of occurrence dollars) in pre-certification expenses and \$64 million (year of occurrence dollars, exclusive of carrying costs) in pre-construction costs before certification, assuming completion of CPCN proceedings by October 31, 2004. These amounts are subject to adjustment if the CPCN proceedings are completed at a later date.
3. WPSC is authorized to record its pre-construction costs incurred during the pre-certification period as Construction Work in Progress (“CWIP”) in Account 107 of the Uniform System of Accounts, and to earn a current return at WPSC’s overall cost of capital on the CWIP balance associated with Weston 4 beginning in 2004. The reasonableness of the amount of actual pre-construction costs recoverable by WPSC in its retail rates, and the appropriate method and timing of rate recovery, will be determined in the appropriate WPSC rate cases.
4. If the Commission issues a CPCN and other approvals as may be required for Weston 4, and the unit is placed into service, WPSC is authorized to transfer to rate base the Commission-approved CWIP balance associated with Weston 4.
5. If the Commission does not issue the required approvals for Weston 4, or Weston 4 is not otherwise placed into service, WPSC may seek rate recovery for its pre-certification expenses and pre-construction costs incurred in the pre-certification period, to the extent they are reasonable and not of the type normally excluded for ratemaking purposes.

Copies of WPSC’s petition for declaratory ruling are available from the Records Management section of the Commission, on the second floor at 610 North Whitney Way, Madison.

NOTICE IS GIVEN that the Commission considers it necessary, in order to carry out its duties, to investigate all books, accounts, practices, and activities of the applicant. The expenses incurred or to be incurred by the Commission which are reasonably attributable to such an investigation will be assessed against and collected from the applicant in accordance with the provisions of Wis. Stat. § 196.85 and Wis. Admin. Code ch. PSC 5.

The Commission does not discriminate on the basis of disability in the provision of programs, services, or employment. Any person with a disability who needs accommodations to participate in this proceeding or who needs to obtain this document in a different format should contact the docket coordinator listed below.

Questions regarding this matter may be directed to docket coordinator Candice Spanjar at (608) 267-9537.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

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